

ORDINANCE #1271

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND THE CODE OF ORDINANCES OF THE CITY OF LANSING BY ADDING A NEW SECTION 888.32 FOR THE PURPOSES OF PROVIDING FOR A SERVICE CHARGE IN LIEU OF TAXES FOR SEVENTY-SIX (76) LOW INCOME MULTI-FAMILY DWELLING UNITS IN A PROJECT KNOWN AS WALTER FRENCH, PURSUANT TO THE PROVISIONS OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, AS AMENDED.

THE CITY OF LANSING ORDAINS:

SECTION 1. That Chapter 888 of the Code of Ordinances of the City of Lansing, Michigan be amended to add a new Section 888.32 to read as follows:

888.32 WALTER FRENCH

- (A) *PURPOSE*. IT IS ACKNOWLEDGED THAT IT IS A PROPER PUBLIC PURPOSE OF THE STATE AND ITS POLITICAL SUBDIVISIONS TO PROVIDE HOUSING FOR ITS RESIDENTS OF LOW AND MODERATE INCOME AND TO ENCOURAGE THE DEVELOPMENT OF SUCH HOUSING BY PROVIDING FOR A SERVICE CHARGE IN LIEU OF PROPERTY TAXES IN ACCORDANCE WITH THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, BEING PUBLIC ACT 346 OF 1966, AS AMENDED [MCL 125.1401, ET SEQ.]. THE CITY IS AUTHORIZED BY SUCH ACT TO ESTABLISH OR CHANGE THE SERVICE CHARGE TO BE PAID IN LIEU OF TAXES BY ANY OR ALL CLASSES OF HOUSING EXEMPT FROM TAXATION UNDER SUCH ACT AT ANY AMOUNT IT CHOOSES, NOT TO EXCEED THE TAXES THAT WOULD BE PAID BUT FOR THIS ACT. IT IS FURTHER ACKNOWLEDGED THAT SUCH HOUSING FOR PERSONS OF LOW AND MODERATE INCOME IS A PUBLIC NECESSITY, AND AS THE CITY WILL BE BENEFITED AND IMPROVED BY SUCH HOUSING, THE ENCOURAGEMENT OF THE SAME BY PROVIDING CERTAIN REAL ESTATE TAX EXEMPTION FOR SUCH HOUSING IS A VALID PUBLIC PURPOSE.
- (B) *DEFINITIONS*.
- (1) "ACT" MEANS THE STATE HOUSING DEVELOPMENT AUTHORITY ACT, BEING PUBLIC ACT 346 OF 1966, AS AMENDED.
 - (2) "ANNUAL SHELTER RENTS" MEANS THE TOTAL COLLECTIONS DURING AN AGREED ANNUAL PERIOD FROM ALL PERSONS OF LOW OR MODERATE INCOME, OCCUPYING THE HOUSING DEVELOPMENT REPRESENTING RENTS FOR OCCUPANCY, WHICH RENTAL AMOUNTS SHALL BE EXCLUSIVE OF CHARGES FOR GAS, ELECTRICITY, HEAT OR OTHER UTILITIES FURNISHED TO THE OCCUPANTS.
 - (3) "AUTHORITY" MEANS THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY.
 - (4) "HOUSING DEVELOPMENT " OR " DEVELOPMENT" MEANS A DEVELOPMENT WHICH CONTAINS A SIGNIFICANT ELEMENT OF HOUSING FOR PERSONS OF LOW AND MODERATE INCOME AND SUCH ELEMENTS OF OTHER HOUSING, COMMERCIAL, RECREATIONAL, INDUSTRIAL,

COMMUNAL AND EDUCATIONAL FACILITIES AS THE AUTHORITY MAY DETERMINE WILL IMPROVE THE QUALITY OF THE DEVELOPMENT AS IT RELATES TO HOUSING FOR PERSONS OF LOW AND MODERATE INCOME. FOR THE PURPOSE OF THIS SECTION, THE NAME OF THIS DEVELOPMENT IS WALTER FRENCH, AND CONSISTS OF SEVENTY-SIX (76) UNITS OF RENTAL HOUSING LOCATED WITHIN LANSING AT:

THAT PART OF ASSESSOR'S PLAT NO. 46, ON THE NORTHEAST $\frac{1}{4}$ OF SECTION 28, T4N, R2W, CITY OF LANSING, INGHAM COUNTY, MICHIGAN, RECORDED IN LIBER 12 OF PLATS, PAGE 7, INGHAM COUNTY RECORDS, BEGINNING ON THE SOUTH RIGHT OF WAY LINE OF MT. HOPE AVENUE, 43.0 FEET SOUTH OF THE NORTH SECTION LINE, AT A POINT 100.0 FEET EASTERLY OF THE WEST LINE OF LOT 5 OF SAID ASSESSOR'S PLAT NO. 46, RUNNING THENCE ALONG SAID RIGHT OF WAY LINE NORTH $89^{\circ}11'30''$ EAST 593.667 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY 53.53 FEET ALONG THE ARC OF A 30 FOOT RADIUS CURVE TO THE RIGHT WHOSE CHORD BEARS SOUTH $39^{\circ}41'30''$ EAST 46.71 FEET TO THE WESTERLY RIGHT OF WAY LINE OF CEDAR STREET; THENCE ALONG SAID WESTERLY LINE THE FOLLOWING FIVE COURSES, SOUTH $11^{\circ}25'30''$ WEST 118.66 FEET; THENCE SOUTHERLY 197.93 FEET ALONG THE ARC OF A 917.22 FOOT RADIUS CURVE TO THE LEFT WHOSE CHORD BEARS SOUTH $5^{\circ}14'25''$ WEST 197.53 FEET TO A POINT OF TANGENCY; THENCE SOUTH $0^{\circ}56'30''$ EAST 5.43 FEET; THENCE SOUTH $10^{\circ}34'39''$ WEST 22.18 FEET; THENCE SOUTH $0^{\circ}56'30''$ EAST 83.05 FEET; THENCE SOUTH $89^{\circ}08'$ WEST 403.42 FEET; THENCE SOUTH 350.30 FEET; THENCE WEST 268.84 FEET; THENCE NORTH 648.14 FEET; THENCE NORTH $89^{\circ}11'30''$ EAST 100.0 FEET; THENCE NORTH $0^{\circ}53'$ WEST 162.0 FEET TO THE POINT OF BEGINNING; ALSO LOT 65 OF CHITTENDEN'S SUBDIVISION OF A PART OF THE NORTHWEST $\frac{1}{4}$ OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 28, T4N, R2W, CITY OF LANSING, INGHAM COUNTY, MICHIGAN, RECORDED IN LIBER 5 OF PLATS, PAGE 7, INGHAM COUNTY RECORDS.

- (5) "*HUD*" MEANS THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OF THE UNITED STATES GOVERNMENT.
- (6) "*LOW INCOME HOUSING TAX CREDIT PROGRAM*" MEANS THE PROGRAM ESTABLISHED BY SECTION 42 OF THE UNITED STATES INTERNAL REVENUE CODE.
- (7) "*LOW OR MODERATE INCOME*" MEANS LOW OR MODERATE INCOME ELIGIBILITY UNDER THE AUTHORITY ACT OR RULES.
- (8) "*MORTGAGE LOAN*" MEANS A LOAN TO BE MADE BY A PRIVATE ENTITY AND INSURED BY HUD, OR A LOAN FROM THE AUTHORITY FOR THE FINANCING OF THE PURCHASE AND REHABILITATION OF THE HOUSING DEVELOPMENT.
- (9) "PREVAILING WAGE" MEANS THE WAGES AND FRINGE BENEFITS RECEIVED BY MECHANICS AND LABORERS THAT ARE AT LEAST THE

PREVAILING WAGES AND FRINGE BENEFITS FOR CORRESPONDING CLASSES OF MECHANICS AND LABORERS, AS DETERMINED BY STATISTICS COMPILED BY THE UNITED STATES DEPARTMENT OF LABOR AND RELATED TO THE GREATER LANSING AREA, AND THAT ARE TO BE DESCRIBED AND POSTED UNDER SECTIONS 206.18 AND 206.19 OF THESE CODIFIED ORDINANCES FOR CITY CONTRACTS.

(10)"SPONSOR" MEANS A PERSON OR OTHER ENTITY WITH A HOUSING DEVELOPMENT WHICH IS FINANCED OR ASSISTED PURSUANT TO THE ACT. FOR PURPOSES OF THIS SECTION, THE SPONSOR OF WALTER FRENCH IS CAPITAL AREA HOUSING PARTNERSHIP, OR ITS SUCCESSORS OR ASSIGNS.

(11)"UTILITIES" MEANS FUEL, WATER, SANITARY SEWER AND/OR ELECTRICAL SERVICE, WHICH IS PAID FOR BY THE HOUSING DEVELOPMENT.

(C) *ESTABLISHMENT OF ANNUAL SERVICE CHARGE.*

(1) THE CITY ACKNOWLEDGES THAT THE SPONSOR AND THE AUTHORITY HAVE ESTABLISHED THE ECONOMIC FEASIBILITY OF WALTER FRENCH IN RELIANCE UPON THE ENACTMENT AND CONTINUING EFFECT OF THIS SECTION AND UPON THE QUALIFICATION OF THE SEVENTY-SIX (76) UNITS OF HOUSING IN THE HOUSING DEVELOPMENT FOR EXEMPTION FROM ALL PROPERTY TAXES AS ESTABLISHED IN THIS SECTION, AND PROVIDED THAT PREVAILING WAGE IS PAID FOR ALL WORK PERFORMED AT THE HOUSING DEVELOPMENT AFTER THE ENACTMENT OF THIS SECTION.

(2) SUBJECT TO THE CONDITIONS AND REQUIREMENTS OF THIS SECTION AND THE ACT, THE SEVENTY-SIX (76) UNITS IN THE HOUSING DEVELOPMENT FOR PERSONS OF LOW AND MODERATE INCOME IDENTIFIED AS WALTER FRENCH AND THE PROPERTY ON WHICH THEY ARE CONSTRUCTED SHALL BE EXEMPT FROM ALL PROPERTY TAXES FOR NOT MORE THAN TWENTY (20) YEARS, COMMENCING WITH AND INCLUDING TAX YEAR 2023.

(3) IN LIEU OF ALL SAID PROPERTY TAXES ON THE SEVENTY-SIX (76) UNITS IN THE HOUSING DEVELOPMENT, THE SPONSOR SHALL PAY, AND THE CITY WILL ACCEPT, AN ANNUAL SERVICE CHARGE FOR PUBLIC SERVICES, IN THE SUM EQUAL TO, SIX PERCENT (6%) OF THE DIFFERENCE BETWEEN THE ANNUAL SHELTER RENTS ACTUALLY COLLECTED AND UTILITIES.

(4) THE EXEMPTION PROVIDED UNDER THIS SECTION SHALL COMMENCE WHEN THE SPONSOR COMPLIES WITH SECTION 15A(1) OF 1966 PA 346, AS AMENDED, CODIFIED AS MCL 125.415A(1), WHICH PROVIDES: THE OWNER OF A HOUSING PROJECT ELIGIBLE FOR THE EXEMPTION SHALL FILE WITH THE LOCAL ASSESSING OFFICER (THE CITY ASSESSOR) A NOTIFICATION OF THE EXEMPTION, WHICH SHALL BE IN AN AFFIDAVIT FORM AS PROVIDED BY THE AUTHORITY. THE COMPLETED AFFIDAVIT FORM FIRST SHALL BE SUBMITTED TO THE AUTHORITY FOR CERTIFICATION BY THE AUTHORITY THAT THE PROJECT IS ELIGIBLE

FOR THE EXEMPTION. THE OWNER THEN SHALL FILE OR CAUSE TO BE FILED THE CERTIFIED NOTIFICATION OF THE EXEMPTION WITH THE LOCAL ASSESSING OFFICER BEFORE NOVEMBER 1 OF THE YEAR PRECEDING THE TAX YEAR IN WHICH THE EXEMPTION IS TO BEGIN.

- (5) IN ADDITION TO THE CERTIFICATION REQUIRED PURSUANT TO SUBSECTION (C)(4), THE SPONSOR SHALL PROVIDE FOR THE HOUSING DEVELOPMENT ANNUALLY IN WRITING TO THE CITY ASSESSOR FOR THE PRECEDING YEAR IN WHICH THE PROPERTY TAX EXEMPTION WAS IN EFFECT:
 - A. THE ANNUAL AUDITED ACCOUNTING REPORT FOR THE PAYMENT IN LIEU OF TAXES; AND
 - B. A CERTIFIED STATEMENT IDENTIFYING ALL THE UNITS RENTED TO PERSONS OF LOW OR MODERATE INCOME; AND
 - C. IF REQUESTED BY THE CITY, PROOF THAT THE HOUSING DEVELOPMENT UNITS HAVE NOT INCREASED, DECREASED, OR BEEN ALTERED IN ANY FORM, UNLESS THE CITY HAS OTHERWISE AMENDED THE PROVISIONS OF THIS SECTION; AND
 - D. IF REQUESTED BY THE CITY, PROOF, IN THE MANNER CONSISTENT WITH SECTION 206.18(A) OF THESE CODIFIED ORDINANCES, THAT ALL WORK IS CONTRACTED, AGREED OR ARRANGED TO BE PERFORMED OR IS DONE AT THE HOUSING DEVELOPMENT AT PREVAILING WAGE.
- (D) *LIMITATION ON THE PAYMENT OF THE ANNUAL SERVICE CHARGE.* NOTWITHSTANDING SUBSECTION (C), THE SERVICE CHARGE TO BE PAID EACH YEAR IN LIEU OF TAXES FOR THE PART OF THE HOUSING DEVELOPMENT PROJECT THAT IS TAX EXEMPT AND OCCUPIED BY OTHER THAN LOW OR MODERATE INCOME PERSONS SHALL BE EQUAL TO THE FULL AMOUNT OF THE TAXES THAT WOULD OTHERWISE BE DUE AND PAYABLE ON THAT PORTION OF THE HOUSING DEVELOPMENT PROJECT IF THE PROJECT WERE NOT TAX EXEMPT.
- (E) *PAYMENT OF ANNUAL SERVICE CHARGE.* THE SERVICE CHARGE IN LIEU OF TAXES, AS ESTABLISHED UNDER THIS SECTION, SHALL BE PAYABLE IN THE SAME MANNER AS GENERAL PROPERTY TAXES ARE PAYABLE TO THE CITY, EXCEPT THAT THE ANNUAL PAYMENT SHALL BE MADE ON OR BEFORE JULY 1 OF THE YEAR FOLLOWING THE YEAR UPON WHICH SUCH CHARGE IS CALCULATED.
- (F) *CONTRACTUAL EFFECT.* NOTWITHSTANDING THE PROVISIONS OF SECTION 15(A)(5) OF THE ACT TO THE CONTRARY, A CONTRACT BETWEEN THE CITY AND THE SPONSOR WITH THE AUTHORITY AS THIRD-PARTY BENEFICIARY UNDER THE CONTRACT, TO PROVIDE TAX EXEMPTION AND ACCEPT PAYMENT IN LIEU OF TAXES AS PREVIOUSLY DESCRIBED, IS EFFECTUATED BY THE ENACTMENT OF THIS SECTION.
- (G) *DURATION.* THIS SECTION SHALL REMAIN IN EFFECT AND SHALL NOT TERMINATE FOR TWENTY (20) YEARS, COMMENCING WITH AND INCLUDING TAX YEAR 2023, PROVIDED THAT THE SPONSOR COMPLIES WITH THE REQUIREMENTS OF THE ACT AND THIS SECTION, AND FURTHER PROVIDED

THAT THE HOUSING DEVELOPMENT CONTINUES TO BE RENTED TO LOW OR MODERATE INCOME PERSONS AT RENTS DETERMINED UNDER THE LOW INCOME HOUSING TAX CREDIT PROGRAM, AS THE SAME MAYBE FURTHER AMENDED OR SUPERSEDED, OR THERE IS AN AUTHORITY-AIDED OR FEDERALLY-AIDED MORTGAGE ON THE HOUSING DEVELOPMENT AS PROVIDED IN THE ACT, OR THE AUTHORITY OR HUD HAS AN INTEREST IN THE PROPERTY; BUT IN NO EVENT BEYOND DECEMBER 31, 2042. IF THE SPONSOR CHANGES THE SCOPE OR PURPOSE OF THE SEVENTY-SIX (76) UNITS OF HOUSING WITHIN THE DEVELOPMENT WITHOUT THE CONSENT OF THE CITY OF LANSING, BY AND THROUGH ITS REPRESENTATIVES, AND IN ACCORDANCE WITH THE REQUIREMENTS OF THE LANSING CITY CHARTER, OR IF THE PREVAILING WAGE IS NOT PAID FOR ALL WORK PERFORMED AT THE HOUSING DEVELOPMENT AFTER ENACTMENT OF THIS SECTION AND THE SPONSOR OR OTHER RESPONSIBLE PARTY DOES NOT CURE THE VIOLATION AFTER NOTICE IS GIVEN AS PROVIDED IN THE MANNER CONSISTENT WITH THE METHOD CONTAINED IN SECTION 206.18(b) OF THESE CODIFIED ORDINANCES, THEN THIS SECTION SHALL AUTOMATICALLY EXPIRE AND BE OF NO EFFECT.

SECTION 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed as they pertain to Walter French at the time this exemption commences.

SECTION 3. Should any section, clause or phrase of this ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part so declared to be valid.

SECTION 4. This Ordinance shall take effect on the 30th day after enactment unless given immediate effect by the City Council.